

Department of Social and Health Services

**DP Code/Title: M1-94 Mandatory Workload Adjustments**

**Program Level - 080 Medical Assistance**

Budget Period: 2003-05    Version: H1 080 2003-05 Fall Update

**Recommendation Summary Text:**

The Medical Assistance Administration (MAA) requests additional positions needed to continue meeting customer needs in an effective and timely fashion. The increased need is primarily driven by increases in the number of disability determinations, as projected by the Social Security Administration (SSA), and by forecasted growth in the MAA client caseload. The standard workload adjustment for the estimated Maintenance Level caseload increase includes 37.4 FTEs in year one and 15.0 FTEs in year two for MAA. In addition, 26.4 FTEs per year are also needed for the Division of Disability Determination Services (DDDS), based on SSA projections.

**Fiscal Detail:**

**Operating Expenditures**

	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Program 080</b>			
001-1 General Fund - Basic Account-State	403,000	489,000	892,000
001-2 General Fund - Basic Account-Federal	1,747,000	1,541,000	3,288,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	447,000	525,000	972,000
<b>Total Cost</b>	<b>2,597,000</b>	<b>2,555,000</b>	<b>5,152,000</b>

**Staffing**

	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Annual Avg</u></b>
<b>Program 080 FTEs</b>	<b>37.4</b>	<b>41.4</b>	<b>39.4</b>

**Package Description:**

MAA has experienced a steadily increasing demand for administrative resources due to the effects of several significant Medicaid eligibility expansions since 1989. The major expansions include:

1989: Children to age eight up to 100 percent of the Federal Poverty Level (FPL)  
1989: Pregnant women up to 185 percent of FPL (First Steps)  
1990: Children ages one to five up to 133 percent of FPL  
1991: Insurance coverage for certain AIDS patients  
1992: Children to age 19 up to 100 percent of FPL  
1993: Healthy Options (Medicaid managed care)  
1994: Children to age 19 to 200 percent of FPL  
2000: Children to age 19 to 200 percent to 250 percent of FPL (State Children's Health Insurance Program (SCHIP))  
2001: Women with breast and/or cervical cancer up to 200 percent of FPL  
2001: Family planning for men and women up to 200 percent of FPL (Take Charge)  
2002: Healthcare for Workers with Disabilities up to 220 percent of FPL.

With the implementation of the Healthy Options managed care program in 1993, MAA was required to operate two distinct health care delivery systems: fee-for-service and managed care.

Caseload growth, in addition to that experienced as a result of program expansions, stems from social and economic conditions including:

- Continued declines in the number of persons who have private health insurance.
- Loss of manufacturing jobs as Washington State transitions to a more service-based economy and the accompanying rise in the number of low-wage workers without employer-provided health insurance.

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- Rising numbers of elderly persons who are unable to meet the costs of long-term care.

Together, these factors have resulted in steady increases in the number of persons who are eligible for state-funded medical assistance. With this increase, the need for adequate customer service and other program management resources also rises. MAA will continue to spend less than three percent of its total budget on the costs of program administration. This request reflects the estimate of additional personnel resources needed to maintain customer-driven operations at current levels of effectiveness, ensuring timely access to appropriate medical care for nearly 900,000 medical assistance beneficiaries.

The standard workload adjustment for the estimated Maintenance Level caseload increase includes 11.1 FTEs in year one and 15.0 FTEs in year two for MAA. In addition, 26.4 FTEs per year are also needed for the Division of Disability Determination Services (DDDS), based on SSA projections.

**Narrative Justification and Impact Statement**

***How contributes to strategic plan:***

The requested FTEs are required so MAA can continue effective administration of medical assistance programs by:

- Providing accurate and timely processing of client eligibility, provider enrollment, contract negotiations and management, and other essential program administration functions.
- Responding in a timely manner to provider and client 1-800 system inquiries.
- Processing claims in accordance with federal requirements in order to continue to secure Federal Financial Participation (FFP).
- Making disability determinations that meet federal timeliness and accuracy requirements.
- Enrolling clients in managed care plans on a timely basis to meet contract requirements.

These and other activities enable MAA to assure access to high quality health care.

***Performance Measure Detail***

**Program: 080**

**Goal: 04H Enhance customer focused orientation within MAA using CQI.**

No measures submitted for package

**Incremental Changes**

**FY 1**

**FY 2**

**Goal: 10H Assure access to high quality health care**

No measures submitted for package

**Incremental Changes**

**FY 1**

**FY 2**

***Reason for change:***

Growth in the fee-for-service-based MAA caseload translates into higher workloads in provider toll-free lines, coordination of benefits, claims processing, prior authorization, quality utilization, and exception case management. Growth in childrens' caseload increases the demand for related eligibility determinations, managed care enrollments, computer support, and provider/client toll-free lines.

For DDDS, the workload has increased due to the Department of Social and Health Services initiative to move recipients from General Assistance-Unemployable (GA-U), Temporary Assistance for Needy Families, and other programs to

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Supplemental Security Income. The DDDS workload is determined by SSA in September of each year. This workload estimate, based on historical trends, may change with the MAA forecast. SSA expects a 35 percent increase in workload through the 2003-05 Biennium. According to the SSA, the basis for the expected workload increases are as follows:

- The Baby Boomer Generation is nearing retirement age. This percentage of the national population will now begin to apply for SSA benefits, which is going to increase the intake of Disability Determination Services nationwide.
- Washington State's economy is expected to recover at a slower rate than is anticipated for the nation as a whole.
- With Boeing and the Dot-Com Companies layoffs, a portion of these laid-off workers will apply for SSA benefits once unemployment benefits run out, commencing in the ensuing biennium.

***Impact on clients and services:***

Approval of this request will allow MAA to make eligibility determinations and respond to provider and client inquiries in a timely manner. It will also allow MAA to adjudicate (determine whether or not to pay) 90 percent of provider claims within 30 days of their receipt, as required by federal rules.

The funding and FTEs will also enable DDDS to make accurate and timely disability determinations according to SSA requirements. The resources requested also allow MAA to maintain managed care voluntary enrollment processing standards and general access to Washington State's medical assistance programs.

***Impact on other state programs:***

By being able to meet our customers needs, clients of the Mental Health Division, Economics Services Administration, Aging and Adult Services Administration, Division of Developmental Disabilities, Children's Administration, Division of Alcohol and Substance Abuse and Juvenile Rehabilitation Administration will be assured access to Medicaid services.

***Relationship to capital budget:***

None

***Required changes to existing RCW, WAC, contract, or plan:***

None

***Alternatives explored by agency:***

MAA continues to pursue operations process improvements. An example of this effort is in the Claims Processing Section. In April 2001, the Executive Leadership Team asked the Claims Processing Section to continue to explore possibilities of gaining further efficiencies within the section. The Transition Team addressed three areas:

- Reorganizing the claims processing section to allow for more effective and efficient processing of MAA claims while gradually lowering the total number of staff required for operation through attrition.
- Assuming all or part of the front-end mail processing, scanning, and microfilming.
- Achieving cost savings by eliminating the swing shift. These efforts are ongoing.

***Budget impacts in future biennia:***

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The increase of FTEs will bow wave into Fiscal Year 2005. Equipment costs are one-time.

***Distinction between one-time and ongoing costs:***

The equipment costs in this decision package (\$339,453) are one-time for the 2003-05 Biennium. All other costs are ongoing.

***Effects of non-funding:***

Timely adjudication of medical claims has become a larger issue within MAA as the caseload and related claims volume in the fee-for-service-based program has grown. Likewise, the number of fee-for-service reimbursed providers with claims and/or eligibility related issues grow with the caseload. Without the funding sought in this decision package timely responses to provider questions will become more difficult and providers' claims will take longer to process. This will increase the likelihood of providers dropping from the program.

In addition, without the additional FTEs, MAA will have a difficult task in meeting federal requirements for timely processing of medical claims, putting at risk substantial amounts of FFP. Further, disability determinations would not be timely and/or accurate, increasing the risk of federal sanctions. Finally, our customer processing standard in responding to client and provider inquiries, as well as enrolling clients in managed care plans would not be met. Therefore, customers would not have access to high quality health care.

***Expenditure Calculations and Assumptions:***

The FTE estimate is based on the June 2002 Caseload Forecast Council projection of the change in the total number of clients eligible for medical assistance, including managed care enrollees and other Categorically Needy eligible persons (Aged, Blind, and Disabled), State-Only Under 18 years of age (H-Kids), GA-U, Medically Indigent, and other MAA administered eligibility groups.

See attachment - MAA M1-94 Mandatory Workload Adjustments.xls

<b><u>Object Detail</u></b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Program 080 Objects</b>				
A	Salaries And Wages	1,495,000	1,644,000	3,139,000
B	Employee Benefits	362,000	400,000	762,000
E	Goods And Services	659,000	422,000	1,081,000
G	Travel	45,000	50,000	95,000
T	Intra-Agency Reimbursements	36,000	39,000	75,000
<b>Total Objects</b>		<b>2,597,000</b>	<b>2,555,000</b>	<b>5,152,000</b>

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**DSHS Source Code Detail**

<b>Program 080</b>		<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Fund 001-1, General Fund - Basic Account-State</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
0011	General Fund State	403,000	489,000	892,000
<i>Total for Fund 001-1</i>		<b>403,000</b>	<b>489,000</b>	<b>892,000</b>
<b>Fund 001-2, General Fund - Basic Account-Federal</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
001B	Social Security Disability Ins (100%)	1,747,000	1,541,000	3,288,000
<i>Total for Fund 001-2</i>		<b>1,747,000</b>	<b>1,541,000</b>	<b>3,288,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>				
<b><u>Sources</u></b>	<b><u>Title</u></b>			
19UG	Title XIX Admin (75%)	65,000	58,000	123,000
19UL	Title XIX Admin (50%)	382,000	467,000	849,000
<i>Total for Fund 001-C</i>		<b>447,000</b>	<b>525,000</b>	<b>972,000</b>
<b>Total Program 080</b>		<b>2,597,000</b>	<b>2,555,000</b>	<b>5,152,000</b>